Rising Costs, Decreasing Revenue Forcing Micro-Businesses To Close Nationwide

70% Rely On Self-Employment For Main Source Of Household Income

Washington, D.C., December 3, 2008 – Top analysts report that the United States has been in a recession for the past year, and no one knows that better than the self-employed and micro-business. Seventy percent of entrepreneurs consider their micro-business a career, one that presently supplies the main source of income to their households. According to data released by the National Association for the Self-Employed (NASE), their top concerns are going out of business, being forced to put off retirement, and an increased cost of living.

“The immediate future is looking very dire to many micro-businesses. One-third say their biggest fear is watching sales and revenue dry up; that’s been happening across the country for the past year and will likely continue in 2009,” said Kristie Darien, executive director of the NASE’s legislative office. “Some have been forced to drastically scale back operations and lay off employees, while others have closed for good.”

In addition to the concern that they will have to shut their doors, micro-businesses worry that funds in a 401K or other retirement savings vehicles are at risk (16%) and that their taxes will be increased (13%) to help fund further bailout efforts.

The current credit crisis is causing major cash-flow issues for the self-employed and they are finding it increasingly difficult to obtain needed financing and credit. The majority of business owners indicated that they were experiencing decreases in their lines of credit from banks and financial institutions as well as lower limits on credit cards. Home equity loans, which are often used by micro-business owners for startup or expansion, have also proven futile since many houses are worth less than they were just a few years ago.

Survey respondents also reported other negative effects from our nation's current economic crisis, including difficulty obtaining payment from customers, substantial business credit card interest rate increases and no longer having the funds to expand and market their business.

Survey respondents have felt the pinch outside of their office as well. Micro-business owners have seen the value of their retirement savings plummet and many micro-businesses are having increased difficulty obtaining and affording health insurance.
When asked about the factors contributing to our economic decline, 30% of micro-business respondents indicated that irresponsible business practices by Wall Street and financial services companies were the lead cause of our fiscal crisis. Americans living beyond their financial means (26%) was thought to be the second largest contributing factor by micro-business owners.

For full results of the NASE’s *Housing and Economic Survey: A Micro-Business Perspective*, please click [here](#).